



THE FEDERAL ELECTION COMMISSION
Washington, DC 20463

**STATEMENT OF VICE CHAIRMAN DAVID M. MASON
AND
COMMISSIONER HANS A. von SPAKOVSKY
ON
FINAL AUDIT REPORT ON KERRY-EDWARDS 2004, INC.**

The Commission voted today to approve, 5-0, a Final Audit Report on Kerry-Edwards 2004, Inc. and Kerry-Edwards 2004, Inc. General Election Legal and Accounting Compliance Fund.¹ We write separately to address briefly the issue of “hybrid advertisements.” This issue was raised in the Bush-Cheney ’04, Inc. Final Audit Report, and addressed extensively in the Commissioners’ separate statements.² Kerry-Edwards 2004, Inc. aired materially indistinguishable “hybrid advertisements,” sharing the costs equally with the Democratic National Committee, shortly after Bush-Cheney ’04, Inc. and the Republican National Committee did so.

In a previous statement, we explained why the Bush-Cheney/RNC advertisements were consistent with Commission regulations and precedent and in complete compliance with the Federal Election Campaign Act (“FECA”). Three of our colleagues disagreed, believing that the 50% - 50% cost allocation was contrary to law.

For the same reasons expressed in our earlier statement, the Kerry-Edwards/DNC advertisements were also consistent with Commission regulation and precedent. Had the opposing view carried the day, the Kerry-Edwards 2004 campaign would today be deemed to have improperly accepted over \$11,000,000 in in-kind contributions from the Democratic National Committee, and would now owe this amount to the U.S. Treasury. However, no such

¹ The Audit Division’s report is available at <http://www.fec.gov/agenda/2007/mtgdoc07-37.pdf>. The Commission did not accept all recommendations made by the Audit Division, and made four revisions at the table.

² The Bush/Cheney ’04 Final Audit Report is available at: http://www.fec.gov/audits/2004/20070322bush_cheney_compliance_04.pdf. The Statement of Vice Chairman Mason and Commissioner von Spakovsky is available at: http://www.fec.gov/members/von_Spakovsky/speeches/statement20070322.pdf. The Statement of Chairman Lenhard and Commissioners Walther and Weintraub is available at: <http://www.fec.gov/members/lenhard/speeches/statement20070321.pdf>. An additional Statement of Commissioner Weintraub is available at: <http://www.fec.gov/members/weintraub/audits/statement20070322.pdf>.

